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Secretary Shultz

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Foreign Policy Challenges

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Following is a statement by Secretary Shultz before the House Committee on Foreign Affairs, Washington, D.C., February 5, 1986.

This decade continues to be a time of turbulence in the world—but I also see it as a time of great promise and opportunity for U.S. foreign policy. A year ago, I made a number of speeches and statements stressing that the world was changing and that our ways of thinking needed to keep up with new realities. Most of the new trends in the world were positive; thus, if we were imaginative and bold—and strong—we could help shape events in accordance with our vision of a better world.

Across the globe, we saw new evidence of the powerful appeal of liberty; we saw democracy take root in country after country, demonstrating the vitality and relevance of our ideals. We saw a kind of revolution in economic thinking, in which old truths about economic freedom and the true sources of economic progress were newly appreciated; with the dawn of a new era of technology, the open and free economic systems seemed to have an advantage.

We also learned some lessons about the relation between power and diplomacy and about how strength, staying power, and a willingness to negotiate were crucial if we were to help resolve political problems. On the negative side, we faced the continuing challenge from the Soviet Union, and we confronted the new scourge of terrorism—which required new ways of thinking in order to defeat it.

These are powerful trends. We have sought to meet them and shape them, and we have made some headway. Let me speak briefly today about how we have responded to some of these challenges and about the challenges likely to confront us in the coming months.

Democracy on the March

1985 confirmed what we have always felt and increasingly known to be true: that the yearning for political freedom, far from being culture-bound, is one of the most powerful forces across the planet. The past year confirmed, too, that the United States, as the strongest free nation on earth, is a crucial source of inspiration and support to peoples aspiring to liberty.

The most dramatic example of this truth is Latin America, where Guatemala is only the latest in a series of countries that have abandoned military rule for elected civilian government. In the last 6 years, elected civilian leaders have replaced authoritarian regimes in Argentina, Bolivia, Brazil, Ecuador, El Salvador, Grenada, Guatemala, Honduras, Peru, and Uruguay. Over 90% of all people in Latin America and the Caribbean now enjoy democratic government, as opposed to less than one-third in the early 1980s.

A few years ago, critics of Central America and U.S. policy toward that region were skeptical that democracy could gain support in an environment where history and economic hardship seemed to impose such burdens. They are less skeptical now. They have seen the people themselves, in one free vote after another, demonstrate their belief that democracy is the road to a better life for themselves and their children. They have also seen that our moral support and economic and security assistance can help make the difference between the success and failure of this democratic experiment. If we truly believe in human rights and economic and social progress, we must keep that lesson in mind as the peoples aspiring to freedom turn to us for support in the coming months.

The most immediate danger to democracy in Central America, of course, is the assault on it from communist Nicaragua, aided by Cuba and the Soviet Union. Democratic El Salvador is an outstanding example of a country that has managed to withstand a communist insurgency, and we have been privileged to play a part by our encouragement and help. So our policy—if we keep at it—is working. All the democracies of Central America look to us for help in defending themselves. We must support them. And we must support, not abandon, the democratic resistance within Nicaragua, which we support for both moral and strategic reasons. We will be discussing with the Congress what this moral and strategic imperative requires.

Toward Open Markets

The past few years have also confirmed the connection between freedom and economic progress. In the early 1980s, this Administration developed economic policies aimed at liberating the creativity of the American people. The results speak for themselves: 9 million new jobs in this country in the last 3 years, helping pull the world economy out of recession, and inflation running at a level one-third of that prevailing 5 years ago.

The world economy is still troubled. But nations everywhere are rediscovering the basic truth that the source of economic growth is individual creativity, not the state. The same laws of economics apply to developed and developing countries alike, and the countries that apply its truths are reaping the rewards.

Much remains to be done. The trade practices of our allies and friends are particularly important to us. Economic growth is one of the free world's greatest strengths. It is vital not only for our standard of living but also for our political cooperation and mutual defense. The Bonn economic summit last year showed a convergence of views on how to promote growth, jobs, and prosperity in the world economy. And the United States has recently taken the lead in developing a balanced approach to the challenges of debt and economic adjustment facing many developing nations.

I cannot overemphasize the importance of avoiding protectionism—a menace not only to our foreign policy partnerships but to any hopes of stimulating global growth. We continue to work vigorously to open markets throughout the world to U.S. goods and services.

Power, Diplomacy, and the Summit

Our liberty and our economic well-being both depend on our security. And our security depends on a policy of realism, strength, and a willingness to solve problems through diplomacy. The meeting last November between President Reagan and General Secretary Gorbachev was a good example, teaching some fundamental lessons about the conduct of diplomacy and negotiation in the modern age.

The Soviet Union continues to pose the most profound challenges to American and free world interests and ideals. Our countries are governed by irreconcilable views of the world. Nevertheless, the realities of the nuclear age mean that we must pursue constructive relations with the Soviets whenever we can do so without violating our principles. As the Geneva summit showed, constructive negotiations are possible.

In the 1970s, we let our defenses slip; for a time we seemed to shy away from a strong role of leadership; and the world became a more dangerous place. We had to make a major effort in the 1980s to rebuild our defenses, and I believe we have recovered our self-confidence as a nation. And it stands to reason that American strength and constancy of purpose are a prerequisite to successful negotiations and a more constructive relationship with the Soviet Union. Defense preparedness and maintenance of our strategic modernization program, including the MX [missile] and the Strategic Defense Initiative, remain crucial. Now is the time to support our basic interests and our negotiating position at what could be a promising moment in the quest for a safer world.

We approached the Geneva summit in a spirit of both aspiration and realism, and we will bring that spirit to our negotiations with the Soviets through the coming year. Our agenda, as before, embraces four sets of issues: arms reduction, regional conflicts, human rights, and bilateral relations. We will continue to seek agreements with the Soviets whenever they are in our interest. We will pursue the Geneva negotiations with energy and good faith and without artificial deadlines. We will also pursue them with a sense that we may be at a rare moment of opportunity.

Strength and diplomacy are not contradictory. In fact, they go hand in hand. And the same principle holds true in our efforts to promote political solutions to regional conflicts around the world, whether in southern Africa, Central America, Southeast Asia, or Southwest Asia.

Responding to Terrorist Warfare

Another challenge—one of the most important we face in 1986—is international terrorism. The December terrorist attacks on the Rome and Vienna airports, aided and abetted by the Libyan Government, are only the most recent reminder of this scourge of our age. And yet we have made headway—both in understanding what terrorism is and in formulating our responses to it.

We have all come to understand that terrorism is a form of warfare waged by political forces—including some sovereign states—that are hostile to democracy and determined to undermine the position of the West. We know it is not random violence but violence directed against our values and interests *and* against our diplomatic efforts for peaceful solutions to conflicts. There is a growing international recognition that a policy of appeasement of terror offers no protection.

We are not without recourse. We intercepted the aircraft carrying the *Achille Lauro* hijackers to ensure that they would be brought to justice. We took broad economic and other measures against Libya. And, as the President has pointed out, we and our friends have succeeded in foiling 126 planned terrorist attacks last year by acting in advance.

We also know that more needs to be done. We will continue to marshal all the weapons in our arsenal—nonmilitary and military—against the terrorist threat. We must continue to improve our intelligence capabilities and achieve closer cooperation and coordination with other governments. International law supports measures of self-defense and offers important avenues for effective international cooperation. The U.S. Government has strengthened itself organizationally. We amended our own criminal law in October 1984 to give us new tools against terrorism—an example of productive cooperation between Congress and the President.

This is an area, I know, in which the American people will want to see their government acting flexibly, swiftly, and effectively against terrorist threats.

No review of this subject would be complete without noting the six Americans who remain missing in Lebanon. Their safe return remains a priority concern for the U.S. Government. Our intensive efforts will continue until these missing Americans have returned home, safe and sound.

Our battle against terrorism will be long and arduous. But if we have the will, we can prevail over this challenge as we have over so many others in our history.

Gramm-Rudman-Hollings

Let me finish on a very practical note: the Department of State is determined to do its fair share, under the Gramm-Rudman-Hollings legislation, to cut the Federal budget deficit. Cutting that deficit is essential for many reasons, including the health of our own economy and the world economy.

The Department of State is intensively reviewing the way we do business at home and abroad in order to reduce

costs and operate more efficiently and effectively. We have a special task force to reassess our structure and operations. In the short run, we are reducing travel and stretching out equipment purchases; we will also review employment and new hiring; and we will reassess our number of posts abroad and the possibilities for streamlining their operations.

We recognize we have a burden of proof to meet in requesting more funds. The increases in our FY [fiscal year] 1987 request come mainly in improving protection of our diplomatic personnel and facilities abroad. Our security assistance request, which seems higher when compared to the post-Gramm-Rudman-Hollings levels of FY 1986, is essentially the same as was requested in FY 1986. We are not seeking large increases in security assistance; rather, we are continuing to seek a level of resources adequate to meet our international commitments and to pursue aggressively our national security interests. The President has determined that these are among the government's highest priorities. The resources we are requesting have been accommodated within the FY 1987 budget and the deficit target contained in the Gramm-Rudman-Hollings legislation.

The dangers to our personnel and facilities from rising terrorism are known to all; the level of economic and security assistance requested is essential to our foreign policy interests. However, we regard the increase in security assistance for FY 1987 as a transition: we are already shifting toward increasing the proportion of grant and concessional lending in our overall program. By increasing the true economic value of our program, we have been able to accommodate lower funding levels. But I must stress that any precipitous reduction in current levels, without giving time for adjustment to those countries which have long depended on us, could help our adversaries and do great damage to our security interests. I look forward to discussing these matters in depth with the committee in the future. We must work together to ensure that we and our aid partners derive the maximum economic value from the resources provided by Congress.

Prospects

In summary, the world remains a turbulent and sometimes dangerous place. But as we look ahead, we draw strength from our ideals, from our friends and the young democratic nations who have joined our ranks and now look to us for support. America remains a beacon to the freedom-loving peoples of the world. Powerful trends are on the side of freedom. That is one of the lessons of 1985.

Another major lesson is that realism, strength, and staying power are crucial prerequisites to meeting the challenges we face. History won't do our work for us. We have to be worthy of our opportunities.

And one key to our success will be bipartisanship. This noble tradition, which brought us so many dividends in the postwar years, does not ask any of us to abandon our principles. But it does require all of us to recognize how much harder it is to meet foreign challenges if we are not united at home. In recent years, we have seen signs of a rebirth of the postwar bipartisan consensus—based on a realistic understanding of the world as it is and of the need to negotiate differences where possible. I pledge my efforts, and those of the President, to work in a bipartisan spirit with all members of the Congress on behalf of the peace, freedom, and security of this country. ■

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